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## **PRESS RELEASE**

FOR IMMEDIATE RELEASE  
DATE: October 29, 2001

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### **Arkansas Deputy Sheriff Pleads Guilty to Parts Scam**

**Memphis, TN - October 29, 2001** - Terrell L. Harris, U.S. Attorney for the Western District of Tennessee, announced today that John S. McHann pled guilty today before Judge Julia S. Gibbons to all charges in a four-count information. The Information, filed on October 24, 2001, charges McHann with two counts of Wire Fraud (18 USC 1343); on count of Money Laundering (18 USC 1957) and one Criminal Forfeiture count (18 USC 982). These charges are the result of a three year joint investigation involving the Department of Defense Criminal Investigative Service, the Internal Revenue Service-Criminal Investigation Division, the Defense Logistics Agency and the United States Attorney Office.

According to the information, John S. McHann, a resident of Millington, Tennessee, owned and operated Southern Flying Service, Inc., (SFS) located in Millington, TN. SFS was in the business of providing contract aviation services to the State of Arkansas for a State marijuana eradication program funded by the U.S. Drug Enforcement Administration (DEA). SFS was also in the business of selling aircraft parts and helicopters.

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The information states that McHann devised a scheme to defraud and obtain money and property through false pretenses from the Erie County New York Sheriff's Department and the United States Department of Defense by fraudulently obtaining helicopters and helicopter parts. McHann allegedly represented that the aircraft and aircraft parts and components would be utilized by the Mississippi County Arkansas Sheriffs Department when Mr. McHann actually intended to sell the majority of the parts and profit personally.

The information further states that McHann conducted a monetary transaction with proceeds from this scheme by withdrawing \$55,000 in funds from Merchant and Farmers Bank and used it towards the purchase of Lot 26, Helene Estates in Shelby County, TN, the funds were the proceeds from the sale of a Bell helicopter that had been issued to the Mississippi County Sheriff, to be used to protect the citizens of Arkansas.

McHann also agreed not to oppose a criminal forfeiture sought by the government in lieu of restitution and fine. According to the plea agreement, McHann agreed to turn over \$142,000 in cashier's check(s) and the balance of an escrow account at Munford Union Bank to the United States for forfeiture. The plea agreement also states that McHann shall not be involved in the maintenance or operation of any helicopters owned or operated by a state, local or federal government and that he shall not receive any benefit from the sale of parts returned to the Mississippi County Sheriff's Department after April 10, 2001. McHann also agreed to cooperate with the IRS and to file amended/corrected income tax returns for at least 1996 and 1997.

This investigation was conducted by the Defense Criminal Investigative Service, the Defense Logistics Agency, Trade Security Controls and IRS-Criminal Investigation. Assistant U.S. Attorney Stephen Parker represented the government.

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